



CABINET FOR FAMILIES AND CHILDREN

DEPARTMENT FOR SOCIAL INSURANCE

"An Equal Opportunity Employer M/F/D"

DIVISION OF CHILD SUPPORT ENFORCEMENT

Action Memorandum
DCSE-AM-98-02

TO: Staff, Division of Child Support Enforcement

DATE: March 31, 1998

SUBJECT: Centralized Collection Unit

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) requires states to establish and operate a state disbursement unit (SDU) effective October 1, 1998. The SDU is responsible for the collection and disbursement of payments under support orders for: (1) all IV-D cases, and (2) all non-IV-D cases in which a support order was initially issued in the state on or after January 1, 1994, and in which the income of the noncustodial parent or obligor is subject to income withholding.

The SDU must be operated directly by the state IV-D agency (or 2 or more state agencies in different states under a regional cooperative agreement) or (to the extent appropriate) by a contractor responsible directly to the state agency. The SDU must be operated in coordination with the state child support enforcement automated system in IV-D cases.

The requirements governing establishment of an SDU are effective October 1, 1998, **with the following exception.** Any state which, as of August 22, 1996, processed the receipt of child support payments through local courts may, at the option of the state, continue to process through September 30, 1999, such payments through such courts. This applies to all collections, including collections through income withholding.



Effective December 1997, Service Design Associates (SDA) was awarded a price contract to serve as a centralized payment processing unit for the Division of Child Support Enforcement (DCSE). SDA will be responsible for receiving and posting child support payments which will be uploaded to the Kentucky Automated Support and Enforcement System (KASES). Although child support payments will be posted by a different entity, they will continue to be posted to and disbursed by KASES.

This memorandum provides procedures which will be used to redirect payments which are currently received and posted by DCSE staff to the new centralized collection unit (CCU).

Initially, SDA will receive and post only **regular** child support payments. However, **wage** payments will be added at a later date. SDA will not be responsible for posting collections received through electronic funds transfer, administrative offset, Unemployment Insurance (UI) Benefit intercept, and State and Federal tax refund intercept.

Effective April 1, 1998, DCSE will begin the process of redirecting payments to the new CCU address. The initial phase of this process will include only the redirection of **regular** child support payments which are received directly from the noncustodial parent or obligor and processed by DCSE staff.

The redirection of these payments to the CCU address will be followed at a later date by the redirection of **wage** payments which are withheld by employers and which are currently being sent directly to DCSE's central office or an area office for posting. Additionally, support payments which are payable through a court collection agency or local collection unit and then forwarded to DCSE (either an area office or central office) for posting to KASES will be redirected to the CCU address.

When redirection of payments is implemented effective April 1, 1998, the Statement of Support Due (Form CS-10) that is sent to noncustodial parents or obligors for April 1998 will provide the new CCU's address unless the 3RD PARTY COLL. AGENT # field on the CREATE UPDATE CASE screen (ASEC8C) has an entry. If there is an entry in the 3RD PARTY COLL. AGENT # field, the name and address of that collection agency will print on the CS-10.

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DCSE will include the attached letter as an insert with the CS-10 for all counties on the attached list with an April 1998 date. The letter will go only to those noncustodial parents or obligors for whom a CS-10 is sent. A CS-10 is automatically generated only for those cases in which the billing indicator is set to "Y." (Item 5 of the KASES migrations/changes disseminated by HOBOS message dated 02/02/98 defines those cases for which a CS-10 is batch generated.)

The letter informs the noncustodial parent or obligor of the new address to which support payments are to be sent. The letter also tells the noncustodial parent or obligor to continue to pay his or her child support through a court collection agency if the court order instructs him or her to do so. The court collection agencies will be notified by DCSE when to begin forwarding child support collections payable to Cabinet for Families and Children (CFC) to the new CCU address.

Noncustodial parents or obligors for counties with an October 1999 date will receive a CS-10 but will not be sent the attached letter because payments for these counties are payable through a court collection agency or local collection unit.

Presently, DCSE tentatively plans to notify any court collection agency which forwards payments to DCSE for posting to begin sending child support collections which are payable to CFC to the CCU's address by June 1, 1998. Each area office manager is responsible for providing Bruce Paul of DCSE's Accounting Branch with a list containing the name and address of the court collection agencies which send payments to their area office for posting. This list needs to be provided by April 15, 1998.

Also, DCSE tentatively plans to notify employers who send withheld wages to a DCSE address for posting to begin sending withheld **wages** to the CCU address by June 1, 1998. Information on how employer notification is to be accomplished will be provided to staff at a later date.

NOTE: DCSE central office staff will notify area office managers by electronic mail (either E-Mail or HOBOS) when a definite date for court collection agencies and employers to begin sending support payments to the CCU's address has been decided. Also, information about how employers will be notified to begin sending withheld wages to the CCU's address will be provided by electronic mail.

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Counties operating court collection agencies are required to redirect payments effective October 1, 1999. These counties will continue to collect and process support payments through their court collection agency through September 30, 1999, as permitted by PRWORA.

PRWORA requires that the SDU be operated at the state level. However, a state may request an exemption from the Secretary of Health and Human Services (HHS) to establish the SDU by linking local disbursement units through an automated information network, rather than operating from one location at the state level. If the Secretary of HHS agrees that such a system will not cost more nor take more time to establish or operate than one centralized system, the state may be granted an exemption. **In either case, states must designate one location to which employers send income withholding.**

DCSE has submitted an exemption request to the federal Office of Child Support Enforcement (OCSE) requesting that certain counties operating court collection agencies or local collection units be allowed to continue processing child support payments beyond the October 1999 date. Presently, DCSE has not received a response to this request.

Questions about the information in this information memorandum are to be directed to Gail Wells, Manager, Accounting Branch, at (502)564-2285, extension 445.



STEVEN P. VENNO, DIRECTOR
DIVISION OF CHILD SUPPORT ENFORCEMENT

Attachments (2)

Retention: Until Superseded

Inquiries: Supervisors

Dear Parent:

In order to process payments more quickly and efficiently, the Division of Child Support Enforcement has established a centralized collection unit. Beginning in April 1998, you are to start sending your child support payments to the following address:

Division of Child Support Enforcement
Centralized Collection Unit
P O Box 14059
Lexington, Kentucky 40512

If your court order instructs you to pay through a court agency such as the friend of the court, domestic relations office or court clerk, **you must continue paying through that court agency**. The court agency will be responsible for forwarding your payments to the centralized collection unit.

The address for sending payments has been changed on the enclosed billing statement. In order to insure proper credit to your account, place the account identification label on your payment. If you have any questions concerning how to make your child support payments through the Centralized Collection Unit, please call 606-269-9039.

If you have questions concerning the amount due listed on the billing statement, please call the telephone number provided on your billing statement.

Thank you,

Division of Child Support Enforcement

County	Date
Adair	April 1998
Allen	April 1998
Anderson	April 1998
Ballard	October 1999
Barren	April 1998
Bath	April 1998
Bell	April 1998
Boone	October 1999
Bourbon	October 1999
Boyd	April 1998
Boyle	April 1998
Bracken	April 1998
Breathitt	April 1998
Breckinridge	April 1998
Bullitt	April 1998
Butler	April 1998
Caldwell	April 1998
Calloway	April 1998
Campbell	October 1999
Carlisle	October 1999
Carroll	April 1998
Carter	April 1998
Casey	April 1998
Christian	October 1999
Clark	April 1998
Clay	April 1998
Clinton	April 1998
Crittenden	April 1998
Cumberland	April 1998
Daviess	October 1999
Edmonson	April 1998
Elliott	April 1998
Estill	April 1998
Fayette	October 1999
Fleming	April 1998
Floyd	April 1998
Franklin	April 1998
Fulton	October 1999
Gallatin	October 1999
Garrard	April 1998
Grant	October 1999
Graves	April 1998
Grayson	April 1998
Green	April 1998

Nicholas	October 1999
Ohio	April 1998
Oldham	April 1998
Owen	October 1999
Owsley	April 1998
Pendleton	April 1998
Perry	April 1998
Pike	April 1998
Powell	April 1998
Pulaski	April 1998
Robertson	April 1998
Rockcastle	April 1998
Rowan	April 1998
Russell	April 1998
Scott	October 1999
Shelby	April 1998
Simpson	April 1998
Spencer	April 1998
Taylor	April 1998
Todd	April 1998
Trigg	April 1998
Trimble	April 1998
Union	April 1998
Warren	October 1999
Washington	April 1998
Wayne	April 1998
Webster	April 1998
Whitley	April 1998
Wolfe	April 1998
Woodford	October 1999